*... unites Ontario's municipalities*

**Report Series 1992**

# 92-13 AMO's Response to *Child Care Reform in Ontario: Setting the Stage*

**Association of Municipalities of Ontario**

August 1992

# MISSION STATEMENT

AMO unites Ontario's municipalities.

We take pride in promoting, supporting and enhancing strong and effective municipal government.

We provide strategic leadership by:

- developing and effectively promoting responsive quality policy;
- informing and educating governments, the media and the public;
- marketing innovative and beneficial services.

Our elected representatives, municipal officials and association staff form a team which values and respects:

- diversity and local autonomy;
- fairness and equity;
- consultation;
- consensus;
- co-operation.

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# EXECUTIVE SUMMARY

On February 17, 1992 the Ministry of Community and Social Services released a public consultation paper, *Child Care Reform in Ontario: Setting the Stage*, which begins the process of reforming Ontario's child care system.

As in the case of other social services, AMO has worked closely with its affiliated organization, the Ontario Municipal Social Services Association (OMSSA) in the preparation of its response to *Setting the Stage*. OMSSA has particularly advised AMO on administration, delivery and program design issues related to the proposed reforms. Both Associations share some concerns with the proposed directions and design of the child care system.

AMO's Response

AMO's response first notes the extent of municipal involvement in the existing child care system - for example, the direct operation of child care centres; a total financial contribution of $72 million; and the planning of child care services.

Given this degree of direct involvement AMO recently expressed to the Minister of Community and Social Services its concern with the consultation paper's lack of recognition of the extent of municipal involvement in the system. Furthermore, AMO also stated that the future municipal role in a reformed child care system should not be presupposed and that it should be discussed and debated through the reform consultation process.

The consultation paper has two main parts: a statement on the policy directions the Province has decided on and then a discussion of options for addressing four principles of reform - that is the quality, affordability, accessibility and management of a child care system framed within these policy directions.

AMO's response supports the need for child care reform. With regards to the specific proposals in the consultation paper, the Association outlines its positions on first the policy directions, second on the relation of the reform to the disentanglement exercise and third on the four principles of reform.

Policy Directions

AMO questions the policy of a "universally accessible, publicly funded, quality child care system with the expansion of non-profit, community-based child care services being central to the reform".

While the Association agrees with a policy approach which sees child care as a public service not a welfare service, it questions the consultation paper's definition of what it means to support child care as a public service for the following reasons.

AMO's response questions designating child care as a universal program. It is argued that child care is not the same as other universal programs and that there would be enormous public costs associated with a child care system based on "universality." AMO questions whether governments can afford to extend a publicly funded system to all parents with child care needs.

With respect to the not-for-profit only policy, AMO has already responded in opposition to the policy change of no new fee subsidies to for-profit programs on the grounds that child care funding should be based on quality and cost-effectiveness and not on motive (that is, profit or non-profit).

AMO's response does support child care reform which has the following key components.

- A new management structure with clearly defined provincial and municipal roles.
- A new strategy for rationalizing existing services into a flexible child care system which provides child care services in an effective and efficient manner.
- A new funding strategy which continues to include private child care centres.

Disentanglement Process

AMO supports the consultation paper's statement that the child care reform should be used to provide input to the provincial-municipal disentanglement exercise. AMO further recommends that the Province and AMO should together determine how and when the discussion of child care should be included in the disentanglement exercise.

## Four Principles of Reform

AMO supports the four principles of reform -- quality, affordability, accessibility and management -- and makes several comments and recommendations on the means to achieve these principles. Two key positions on these principles are recommended in the response:

- The response supports a new financing mechanism. However, several concerns and questions are raised with respect to the base funding model proposed in the paper. It is recommended that further consideration of this model is required.

- The paper puts forward some management options and management roles for the Province and a "local management body" which could be municipalities or special purpose bodies. AMO's position is that provincial and municipal roles in management, delivery and funding should be determined within the disentanglement exercise.

Finally AMO adds a section on planning which addresses the need for the planning of child care services as part of an overall social services planning exercise. The response reiterates AMO's position which has been put forward in other responses to social service reforms - that municipal governments should have primary responsibility and serve as the focus for planning and preparing a community social services plan.

# 1 INTRODUCTION

## Background

On February 17, 1992 the Ministry of Community and Social Services released a public consultation paper, *Child Care Reform in Ontario: Setting the Stage*, which begins the process of reforming Ontario's child care system.

As in the case of other social services, AMO has worked closely with its affiliated organization, the Ontario Municipal Social Services Association (OMSSA) in the preparation of its response to *Setting the Stage*. In fact, OMSSA's draft response served as the basis from which this report was developed. OMSSA's comments and input are acknowledged throughout the following pages.

OMSSA has particularly advised AMO on administration, delivery and program design issues related to the proposed reforms. Both Associations share some concerns with the proposed directions and design of the child care system.

The implementation of the child care system proposed in *Setting the Stage* is to occur through a new planning, management, delivery and funding system. The paper provides options for new management and administrative structures. Both AMO and OMSSA note the municipal strengths upon which a reformed child care system could be based. However, as noted in the consultation paper, final decisions on roles and responsibilities should be made in the context of the provincial-municipal disentanglement process.

One of the first points AMO would like to emphasize is the degree to which municipalities have contributed to, and are currently involved in, the provision of child care services.

## Current Municipal Involvement

Municipal involvement in the management and delivery of child care varies. The following data provided by OMSSA illustrate the extent to which municipalities are involved in the management, funding and delivery of child care:[1]

- approximately 90% of municipalities with full-time Social Service Administrations are actively

involved in the administration of subsidized child care;
- over 2,500 municipal staff are employed in child care related activities;
- 202 child care centres are directly operated by 70 municipalities;
- approximately $68 million (municipal) is spent annually in the regulated child care system; and,
- approximately $4 million (municipal) is spent annually in support of informal child care arrangements through the Supports to Employment Program (STEP).

As in its response to the Province's proposals in the *Redirection of Long-Term Care and Support Services*, the Association has expressed its concern that once again a consultation paper does not provide a fair picture of the current and very important contribution of municipalities to the planning, coordination, funding and delivery of social services. Many municipalities have expressed concern that the tone of the paper is biased against municipal involvement in general, and as a result contains an underlying assumption that municipalities are not capable of or interested in having a future role in child care services. AMO has therefore argued that it is crucial that the future of municipal involvement should not be prejudged and that the consultation process should be the forum in which the future role of municipalities in child care services is discussed and debated.

In response to these concerns, the Ministry has communicated to AMO that it is not the government's intention to minimize the important historical and current role municipalities play in the planning, administration, funding and delivery of Ontario's child care system. The Ministry recognizes that many municipalities are most capable of and interested in playing a significant role in a reformed child care system. The Ministry has also stated that all options are being considered during the consultation exercise and that a continued municipal presence in child care is not being precluded.

## 1.1 Child Care Services in Ontario

As outlined in *Setting the Stage*, presently there are three types of child care services that receive provincial government funding:

**Centre-based Programs**

These programs provide care for groups of children and are licensed by the provincial government. These centres are found in a number of locations including school buildings, churches, community centres and parents' workplaces.

**Regulated home-based programs**

These programs provide care for up to five children in a caregiver's own home. These services are administered by provincially-licensed agencies which are responsible for matching families to caregivers, supervising and supporting caregivers, and visiting the homes to monitor the quality of care provided to the children.

**Child/Family resource centres**

These centres provide a range of services to children, parents and caregivers. The services vary depending on the local need but may include drop-in programs, toy-lending, libraries, training opportunities for caregivers, and education for parents.

**Informal**

Families may also utilize informal child care which is <u>not</u> funded, supervised or monitored by the provincial government. This system includes arrangements, either paid or unpaid, between the parents and other family members, nannies or neighbourhood babysitters. Provincial legislation does stipulate that these individuals cannot care for more than five unrelated children at a time.

**Problems With the Current Child Care System**

*Setting the Stage* outlines a number of problems with the existing child care system which must be addressed. The problems mentioned include: the demand for child care services continues to be greater than the supply; the costs of child care continue to rise; many parents cannot afford to pay the full fee for child care; many programs are too dependent for survival on fee subsidies which are in limited supply and unevenly distributed; and, in some communities there are not enough child care services available.

# 2 THE REFORM CONCEPT

## Creation of a Child Care System

The fundamental message of the consultation paper is the need for a true child care "system". Over time, as different services were introduced, specific funding and management arrangements were created for each new service causing difficulties in their administration.

Although the government recognizes that high quality care is provided with the current approach, it feels that child care reform is needed to create a *system* that provides child care services in an effective and efficient manner. The Province's proposals for child care reform include the following key components:

- a new **management structure** clearly defining the provincial and local roles;
- a new **funding strategy** to provide direct funding to non-profit child care programs with no new funding to for-profit centres; and,
- a new strategy to promote flexible services in order to provide parents with more choices and better continuity of care.

## Reform Objectives

The reform process, as set out in the paper is intended to simplify and clarify provincial and local roles with respect to managing and funding child care services. It is also intended to produce a universally accessible, publicly-funded, quality child care system with the expansion of non-profit, community-based child care services being central to the reform.

In the first section of *Setting the Stage*, the Province outlines the changes in the role and importance of child care over the years and argues the following as the key reason for reform:

> "Today, child care is recognized as being critical to the economic and social well-being of society as a whole. It is evolving from a welfare service to an essential public service."

## 2.1 Response to Reform Concept

General Response

The interests of the child should always take precedence over any other concerns. This concept is central to OMSSA's response in that it stresses the needs of the child must drive both the legislative changes required and the related funding levels. AMO supports this central precept.

AMO agrees that child care reform is necessary to address the challenges to the current system identified in the consultation paper and to clarify provincial and municipal roles and responsibilities. The development of a true child care "system" is essential to ensure that services are provided in an efficient and effective manner. AMO is concerned though that at the same time when the Province is proposing to establish a rationalized and streamlined child care system, it is also implementing a new policy which is operating parallel to the current system. The Association is referring to the JOBS Ontario Training Fund wherein the Province announced funding for up to 20,000 subsidized child care spaces to meet the needs of its training program participants. Many outstanding questions remain such as the permanence of the funding for the 20,000 spaces, how they will be allocated around the province in order to link spaces with training program participants, how this policy will be coordinated with other child care policies, etc. Furthermore, it introduces new admission criteria and priorities for access to child care services for certain spaces within the system. These questions uncover a concern that the initiative was not planned to ensure support for a streamlined child care "system."

At the same time the consultation paper states that the child care "system" is not a system at all because as different services have been introduced, specific funding and management arrangements have been created for each new service. As a result, we now have a hodge-podge of funding and management arrangements, making child care services difficult to administer. The administration of the child care spaces under the JOBS Ontario Training Fund has contributed to this complexity of arrangements.

While AMO supports the reform initiative, it does have some fundamental differences with the policy directions that are represented in the consultation paper

and which do not appear to be subject to consultation. These are discussed below.

Child Care as a Public Service

Child care as a public service not a welfare service is a long standing principle OMSSA has used as a guide in the development of services at the municipal level. OMSSA bases its response on this principle and on the conviction that there is need for continued municipal involvement in the management and delivery of child care services.

This change in focus from child care as a welfare service to child care as a public service essential to the economic and social well-being of society reflects a change in perspective occurring in many social service areas. Existing programs are dated and need to adjust to reflect societal changes and the impacts of economic restructuring, changes in the nature of employment, the training and support service needs of workers, etc. It is generally agreed that the needs of the unemployed and of the workforce today are fundamentally different from the environment within which existing programs were designed. Supports to the worker or the unemployed must therefore be re-examined.

For example, the Ontario Training and Adjustment Board (OTAB) which will assume responsibility for Ontario's publicly funded training and labour adjustment programs has been created to respond to the changing training needs of workers and the unemployed. In response to the OTAB initiative, AMO and OMSSA have supported that employment programs are as much a labour market service as a social service and that greater linkages must be forged between training, adjustment, education and social services.

The reform of long-term care services is another example of a change in the orientation of a social service. The reform concept is responding to demographic trends and changes in the needs of Ontario's elderly people and adults with physical disabilities and to a change in philosophy away from institutionalization and towards community-based and in-home support care.

In general, services need to be re-invented and re-focused on job training and re-training, employment services, and the other supports necessary to assist the

individual towards independence and to support parents remaining in the workforce. Child care is one of those supports.

The consultation paper supports this concept of child care by recognizing it as fundamental to the social and economic well being of families and communities. Furthermore, this understanding of child care as a public service recognizes that quality child care helps children to develop learning, social and physical skills. These programs contribute to the social well-being of children, families and communities. Both working parents and parents in the home (i.e. through resource centres) are assisted with a range of social and educational activities.

While AMO agrees with the societal benefits of child care, the Association questions the consultation paper's definition of what it means to support child care as a "public service." This is elaborated below.

## Universally accessible, publicly-funded child care system

The consultation paper argues that child care is an "essential public service" and that like other essential services the government must ensure the services are available to everyone who needs them.

The Association takes issue with three aspects of the government's proposals for a "universally accessible, publicly-funded child care system."

### Notion of Universality

First, AMO questions the assumption that child care should be a "universally" accessible program. Child care is not the same as other public services like medicare and education. AMO supports that those who need child care should have access to this service. But, all parents do not demand or require child care services. AMO does not disagree that child care services are essential to many families. By designating child care as a universal program this implies that child care services should be or needs to be available to all parents.

### Not-for-Profit Only

Second, the paper states that the best way to make child care universally accessible is through the expansion of non-profit, community-based child care services. OMSSA has expressed a great deal of concern with fact that public funding will only be provided to not-for-profit centres. No consultation took place on this issue which

will greatly affect service delivery in many municipalities. This funding direction of the Province also proves to be inconsistent with current practices and policies. Presently, funds continue to be allocated through social assistance to both unregulated and for-profit care. It is estimated that in the month of January alone, over 10,000 parents utilized $2.5 million dollars in the unregulated child care system. Whether deemed a public service or not, the Province must realize that market forces (e.g. demographic changes, employment levels, inflation and others) will continue to influence child care.

AMO concurs with this position as articulated in AMO's response to the Minister's policy of no new fee subsidies to for-profit programs. The Association's position is that child care funding should be based on quality and cost-effectiveness, not motive (for-profit or non-profit). This policy change did not address quality of care and ignored the fact that the private sector helped initiate and establish the existing day care system. AMO also questions imposing the availability of <u>one</u> child care alternative which will destroy the existing investment and working infrastructure of private child care services. The Association believes that regulated private child care services should continue to be supported as part of the child care system.

Public Costs

Third, there are enormous public costs implied in a notion of universal, non-profit services. To a large extent we must question the concept of universality in terms of what we can afford. AMO has questioned the not-for-profit only policy and its accompanying budgetary allocation at a time when all levels of government are facing major fiscal pressures to be more efficient in the allocation of public resources. For example, the policy change announced a $105 million plan wherein $75 million is to be allocated to the conversion process. These resources will not lead to the establishment of <u>new</u> child care spaces and may, in some cases, result in the closing of existing profit child care centres which currently have subsidy agreements.

In terms of long term financial implications, this policy change will also likely result in the need for more provincial funding given the loss of private sector investment in child care.

## AMO's Position on Child Care as a Public Service

In sum, AMO agrees that child care is a public service which contributes to the economic and social well-being of society and that quality child care is an investment in the future by helping ensure the development, safety and well-being of children.

The Association supports the following key components of child care reform:

- a new management structure with clearly defined provincial and municipal roles;
- a new strategy for rationalizing existing services into a flexible child care *system* which provides child care services in an effective and efficient manner; and,
- a new funding strategy which continues to include the funding of private child care centres.

## Disentanglement

The consultation paper notes that the current provincial-municipal disentanglement exercise will have obvious implications for services such as child care. It is noted that as one of the goals of child care reform is to simplify and clarify provincial and local roles with respect to managing and funding child care services, the child care reform consultation will provide valuable input to the overall review of provincial and municipal responsibilities.

AMO supports this approach. As in its response to the *Redirection of Long-Term Care Services*, AMO believes that recommendations on the reform of specific social services can be used to inform the disentanglement discussions on the assignment of government roles and responsibilities.

The timetable for child care reform is that new legislation is expected to be introduced in the Spring of 1993 and in place by 1994. The Province and AMO need to discuss how and when child care reform will be dealt with in the disentanglement exercise.

# 3 THE FOUR GUIDING PRINCIPLES OF REFORM

The introduction of child care reform will be guided by the following principles:

- **Quality** is the cornerstone of the child care system;
- Child care services must be **affordable;**
- Child care must be **accessible;** and,
- The child care system must be **soundly managed.**

General Response

OMSSA fully supports the four principles and has argued in the past that the lack of principles and a mission statement has been central to the difficulties within the present child care system. AMO concurs with this support.

## 3.1 **Quality** is the cornerstone of the child care system

*Setting the Stage* Reforms

The caregiver, the health and safety of the child's environment, the interactions between the caregiver and the child, and parental involvement are factors which contribute most directly to the quality of child care.

OMSSA supports the vision of quality as the cornerstone of the child care system and states that municipalities share the provincial concern with the availability of quality care.

### 3.1.1 Factors Contributing to Quality (*Setting the Stage*)

Legislation

The provision of licensed child care is governed by the *Day Nurseries Act* and Regulation. The flexibility of this *Act* results in inconsistent applications province-wide. The paper argues that consistent standards must be developed to cover all regulated child care services in order to ensure their accountability in terms of quality.

Legislative reform will include: a full range of child care services in the province; a full range of service providers and new funding arrangements; current knowledge about quality indicators in child care programs; and, flexibility in service delivery, to accommodate diverse communities and needs.

Qualifications of Caregivers

Over half the staff in Ontario's centre-based child care programs have an Early Childhood Education (ECE) diploma or equivalent. Regulated home-based services' home visitors have a background in child development; and, no specific qualifications are required for staff in child resource centres.

Difficulties exist in attracting and keeping staff due to the lack of advancement opportunities. Presently, there is a shortage of training opportunities for caregivers, in particular in the area of management. Therefore, caregivers and staff do not have the chance to upgrade their existing skills, learn new skills and improve the quality of services in their programs.

Home-based Child Care

The Provincial Government will not provide funds directly to unregulated child care arrangements due to the difficulties in monitoring the use of monies and the quality of the services provided in these situations.

The Province intends to expand child/family resource centres in order to support the quality provided in informal child care arrangements.

The Province would like to see home-based caregivers licensed or supervised and supported by a licensed agency, and appropriate standards applied to their services.

Parental Involvement

Greater parental involvement is an aspect of the reform the Province wishes to encourage. Parental involvement includes participation in the planning and management of a program; helping the caregiver for a short period of time; and being educated and informed on child care services.

### 3.1.2 Response to Quality Factors

Legislation

OMSSA is concerned with the omission of ratio and group size in the discussion of quality since both have been shown to be critical determinants of quality care. A limited staff/child ratio ensures that individual attention is afforded to the young child.

OMSSA also supports that three key considerations be included in new legislation: to protect and affirm the rights of the child and enshrine the factors that affect quality care and balance this with the need to respect and value flexibility in service models.

The development of legislation and standards must provide clarity and direction for the care of infants, toddlers and school age children. Age specific standards must be developed recognizing the distinct developmental needs of children. Legislation must also acknowledge the ethno-racial differences and respect community differences and diversity.

AMO agrees with OMSSA's statements but would also like to comment on the issue of quality care as it relates to private centres. Legislative reform is to include a full range of child care services and providers in the province, and flexibility in service delivery to accommodate diverse communities and needs. In terms of providing a range of services and providers, AMO continues to believe that the child care system should support private centres. As stated previously AMO believes child care funding should be based on quality and cost-effectiveness, not motive (for-profit or non-profit).

With regards to the quality of for-profit centres, AMO has argued that if there is a concern with their regulation and quality then this can be effectively addressed as already demonstrated within the current system through enforcement practices rather than wholesale conversion. However, to date there has been no evidence to suggest that for-profit centres provide a lower quality of child care service.

Qualifications of Caregivers

Early Childhood Education or its equivalent should be the core credentials for caregivers, and ongoing in-service training and professional development are essential to allow caregivers to keep abreast of the child care issues.

Home-based Child Care

OMSSA notes that the licensed child care system only serves 20% of the child care user population. As a result, consideration and discussions must take place on the quality of unregulated services.

AMO would like to emphasize this concern about unregulated home care services.

Parental Involvement

OMSSA supports the concept of parental involvement as a factor of quality child care. However, a broad range of strategies are required to encourage participation and meet parental needs. Mandatory participation on the Board of Directors of child care centres is not a feasible option as a means of involving parents. There are a variety of ways in which consumers of the service can participate and therefore reform must be built on parental choice.

3.2 Child Care services must be **affordable.**

The consultation paper notes that funding of individual regulated programs is complicated due to the variety of sources from which monies are received. Also, the current method of funding has not created stability for individual programs; the costs of child care have increased and many families who do not qualify for financial assistance from the government cannot afford to pay the full fees in licensed centres and regulated homes; and the survival of many child care programs has become too dependent on fee subsidies.

3.2.1 Current Funding Situation

Parental Contributions

Most parents pay the full fee for child care. Approximately $450 million is received in parental contributions.[2]

Fee Subsidies

Fee subsidies are provided to some low income families who use regulated child care services. All three levels of government contribute to this subsidy which is considered to be part of Canada's welfare system. The cost of the subsidies is shared as follows: 20% by municipal governments, 30% by the provincial government, and the remaining 50% by the federal government. The demand for fee subsidies has outstripped the supply resulting in growing waiting lists. One-third of the licensed spaces in Ontario are subsidized partially or fully through this system.[3]

Many child care programs have become too dependent on fee subsidies. In certain areas of the province, families must first qualify for a subsidy through a needs test which evaluates family income and expenses, and then determines what proportion of family income is available for child care expenses. Although there may be a full-fee space available, a family cannot receive subsidized care unless a subsidized space is available.

Base Program Funding

Base program funding is ongoing operational financing, provided to programs to keep them alive and running. The Direct Operating Grant (DOG) is used to contribute to the salaries and benefits of staff and caregivers in regulated child care programs. A Wage Enhancement Grant (WEG) was initiated in 1991 to further improve the salaries and benefits of all staff in non-profit child care services.

Program Development Funding

Program development funding helps in the start-up of new non-profit child care programs, and for neighbourhood needs assessments and community development. It is also used to provide on-going financial assistance to family/child resource programs, public education projects, in addition to research and pilot projects.

Major Capital Funding

The Ministry of Community and Social Services allocates capital funds for the construction or major renovation of child care facilities while the Ontario Ministry of Education provides capital funding for centres in new elementary schools.

### 3.2.2 *Setting the Stage* Funding Proposals

Base Funding

Base funding will be provided directly to non-profit child care centres and regulated home-based child care services. This funding will be determined through standardized budgeting procedures and will aid in stabilizing programs by ensuring a certain level of funding is available to individual programs.

The Government will also seek to:

- ensure that based funding promotes fair wages and working conditions for staff in non-profit chile care centres and for regulated home-based caregivers;
- encourage programs to provide more flexible services (e.g. provision of services to meet special needs, infant care) by recognizing the extra costs of providing specialized services; and,
- provide a fairer distribution of financial resources across Ontario.

Parental Contributions

A new way of determining parental contributions will be developed to replace the current needs test. The contributions will be based on affordability, income levels and reasonable cost. The following are the options the Government is considering:

- fee exemption based on family's income level;
- determining an overall amount that the Province wants to recover from parents and establishing parental contributions, based on ability to pay, to achieve the target;
- determining parental contributions as a percentage of family income, up to a set maximum amount; and,
- determining that no family, regardless of income, will pay more than a set amount of dollars for regulated child care services.

### 3.2.3 Response to Funding Proposals

OMSSA agrees that the issue of funding must be addressed, and in particular that rationalizing and collapsing the numerous funding streams is essential. OMSSA notes the following:

- that when addressing funding it must be taken into account that the factors affecting quality have an associated cost;
- to achieve quality outcomes requires that services be adequately funded; and
- it is essential that the historical underfunding of the child care system be addressed.

Base Funding

OMSSA agrees that agencies need to have a stable funding base in order to provide high quality child care. However, there is less agreement that the proposed based funding model would ensure the required stability. Based on municipal experience as "agencies" with base funding, it is important to emphasize that base funding in itself does not guarantee either full or adequate funding for the range of services provided.

For example, municipalities, as managers of the subsidy system, are expected to live within a fixed percentage economic increase each year; the percentage rarely reflects the magnitude of actual costs increases, nor local priorities and conditions. For example, the 1992-93 increase was only one percent.

In most years, there has been some expansion of spaces phased in over the course of the year. It is the overall size of the municipal budget which allows for some flexibility in the management of funds and the accommodation of new spaces. This would not be the case if each small agency was funded individually. For this reason, OMSSA suggests that base funds be distributed to a local management body rather than to each individual agency.

If base funding is intended to remove the dependency of agencies on actual enrolment, a new accountability mechanism will have to be established. To ensure accountability in the provision of child care, OMSSA suggests that an annual service contract be established which would include a minimum level of enrolment required by agencies, and detailed delivery standards for management and administrative practices, program elements, etc.

The paper further suggests that base funding would address the affordability issue. This implies that some or all of the base funded costs would not be levied against full fee payers in the same manner as the Direct Operating Grant is currently used. OMSSA recommends that the Ministry exercise caution in proceeding with this direction in the absence of a significant increase in the number of subsidized spaces. Although this might in fact solve the affordability issue for some middle and higher income parents, these funds would subsidize a very limited group of families able to find care in the licensed system regardless of their financial need. At the same time the majority of families would have no access to

financial support for child care since they could not access the regulated system either because spaces were full or because their particular care needs could not be met.

The paper fails to acknowledge one of the basic causes of the current state of instability of the child care system, that is chronic underfunding. An underfunded system will remain a system in crisis no matter what its structure.

Parental Contributions

OMSSA supports the principle that affordable child care should be paid for through both public funding and parental contributions combined.

In line with the Association's agreement that those who need child care should have access, AMO supports that parents should pay based on ability to pay. Furthermore, a critical issue which must be addressed under this principle is that the current system is available to lower income and high income parents, with moderate to middle income parents generally being excluded. Affordability for this group of parents must be addressed.

In the past, OMSSA has supported the introduction of income testing as a way of determining parental contributions to the cost of care. This position was based on the belief that income testing is less intrusive, easier to understand and less complicated to administer than the present needs testing. However, any new system should consider local and regional differences and consideration must be given to the inclusion of asset ceilings within income testing.

OMSSA notes that there are a number of advantages to a revised income testing system that incorporates the best elements of the needs test approach. Municipalities are cognizant of the need to direct scarce resources to those families who are most "in need." Where possible, a goal of the reformed system should be to harmonize the treatment of individuals across program areas, particularly so for individuals in receipt of social assistance. The creation of an income test system should not result in less access to subsidies for low income persons. A **combined income and needs test approach** might serve as a bridge between balancing the costs of the system with targeting those most in need.

As long as the regulated system continues to provide service for so few families, some mechanism based on criteria other than purely financial ability to pay, will be required to control access to the system.

OMSSA recommends that a critical first step is to determine who should qualify for a subsidy. Different models for making this determination could be pilot tested. OMSSA recommends that the Ministry should take advantage of the municipal offer to participate in the development of a new system and that final decisions on implementation should be made only after various models are thoroughly evaluated.

AMO concurs with OMSSA on all of these points.

3.3 Child Care must be **accessible**.

3.3.1 Setting the Stage Proposals

Comprehensive and Flexible Services

The Province is committed to developing a comprehensive system offering a range of child care services for children up to 12 years of age. This type of system will allow for more choices and more continuity of care since families have individual needs and preferences to meet.

A provincial funding framework will set out mandated levels of service and identify target groups and equity requirements to ensure access across the province and in particular to rural and northern areas.

Links Between Core Child Care Services

Links between core child care services -- licensed centres, home-based programs and resource centres -- will be strengthened. For example, a "neighbourhood hub" model or merged boards of individual programs provide for an integration of services and easier access for parents. These models of service delivery make it easier to: coordinate recreation and other specialized children's services with child care programs; provide resource and referral services for parents; and provide planning and service development for child care staff and managers.

The Province suggests that a "neighbourhood hub" model could be governed by a board of directors consisting of parents and community representatives, or operated by the child care advisory committee of a multi-service organization, school board or other publicly accountable body.

Community schools are cited as an example of a type of neighbourhood hub model since they provide a range of services to children and families through child care centres and resource centres, kindergarten, primary and junior grades, as well as after-school programs.

Links Between Child Care and Other Children's Services

Expanding links between core services and other children's services such as education, recreation, health and social services.

Other children's services include education, recreation, health and social services. Strengthening the network of existing programs will allow for a more holistic approach to child care and provide for better access to more flexible services.

The Province is considering the following options as means of creating better links between child care and other children's services:

- having schools and school-based child care programs share staff and jointly develop staff and curriculum;
- encourage school boards to provide child care programs outside of school hours for school-age children creating a sense of continuity for the child;
- coordinate child care and recreation programs to provide services for school-age children outside school hours and during summer months; and/or,
- link more closely with services for children with special needs.
- Continuing to provide base funding for child/family resource centres to ensure the on-going stability of these services.

Special Needs

Special needs children are defined by legislation as children with physical or developmental disabilities. In *Setting the Stage*, the Province suggests the broadening of the definition to include children who may have other

special needs such as behaviourial or emotional disorders.

The Province wants to both improve services for children with special needs and increase the integration of children with disabilities into all child care programs.

### 3.3.2 Response to Accessibility Proposals

Flexibility of Services

OMSSA notes that with respect to the need for service flexibility, many municipalities have been involved in developing and piloting innovative and creative service models which respond to the particular needs of rural, remote and urban neighbourhoods. It is hoped that funding will be provided as an incentive to further develop new and flexible ways of meeting community and client needs. The following are some examples of municipal involvement and innovations which have led to service development:

- developmentally and physically handicapped children are integrated into non-segregated day nurseries;
- intergenerational programs involving seniors and preschoolers in which day care centres are located in Homes for the Aged; and,
- establishing child care centres in highschools such as Teen Mom Programs which provide practicum placements to students while permitting single parents to return to school.

OMSSA believes that the development of service plans at the local level contribute to the establishment of well integrated service systems which respond to ethno-cultural, linguistic and racial diversity among communities.

The consultation paper supports the need to ensure access across the province based on equity and assessment of local need. OMSSA agrees with the proposal to establish mandated minimum levels of service. In past policy positions, OMSSA has acknowledged the provincial authority to set minimum standards, but has recommended that municipalities retain the right to require quality over and above those minimum standards. OMSSA has also recommended that an incentive system be established to encourage

increased municipal participation in under-serviced areas. OMSSA expresses that efforts to increase equality of access across the province should not translate into a "no growth" policy for municipalities with more developed services.

Provincial Ministerial Responsibility

In its response, OMSSA suggests that the Province reconsider the creation of a Ministry of the Child which would incorporate the responsibilities of the Ministries of Community and Social Services, Health, and Tourism and Recreation. This ministry would then provide the legislative and strategic framework required to support local communities in the development of a coordinated system.

Special Needs

OMSSA supports the need to improve services and the integration of children with special needs into "mainstream" child care services. OMSSA further supports the need to broaden the definition of special needs to include children who may have other needs such as behaviourial or emotional disorders and to incorporate this expanded definition into the new legislation.

It is also stressed that municipalities should be recognized for their lead role in serving special needs children and facilitating the integration of these children into regular programs. Based on this municipal experience it is recommended that in order to make integration a success, increased funding for required support services is necessary. These support services would include: increased staff/child ratios, speech therapy, physical and occupational therapy, parent education, behaviour management resources etc. In order to maintain flexibility, OMSSA suggest that these services be available from a central broker within each community and that they be provided to individual agencies as required.

3.4 The child care system must be **soundly managed.**

All three levels of government aid in the funding of child care services. However, their activities are not well coordinated. It is also noted that work is currently already under way through the Disentanglement exercise

to sort out these responsibilities between the provincial and municipal levels of government.

The consultation paper first describes the current provincial and municipal roles and responsibilities.

### 3.4.1 Current Management Situation

**Role of Province**

- Regulates and funds child care services via the Ministry of Community and Social Services (MCSS).
- Sets policies and legislation.
- Licenses child care services and enforces standards under the *Day Nurseries Act*.
- Provides money to municipalities, Indian Bands and agencies approved to provide subsidies that help families meet their child care costs.
- Provides program development funds, which are used to create new services and supports for existing services.
- Facilitates local planning groups.

**Role of Municipalities**

- Apply a needs test to decide which families are eligible for fee subsidies.
- Decide how many fee subsidies to provide, and their allocation in the community, and priorities among client groups.
- Contribute 20% of the cost of fee subsidies.

According to the reform paper, municipal discretion is a cause of the disparity in the delivery of regulated child care. These variations have created: inequitable distribution of services across geographic regions; serious service gaps in some areas; and, different criteria for eligibility for fee subsidies in different parts of the province.

### 3.4.2 *Setting the Stage* Management Proposals

**System Management**

Once reformed, the management of child care will be shared by the Provincial Government and local communities. However, it is essential to clearly define provincial and local responsibilities and roles in order to ensure quality child care.

**Proposed Components of a Management Model**

The management structure for the child care system will be designed to ensure:

- Quality - legislated standards are met;
- Accountability - public funds are properly distributed and used appropriately; expected program results are effectively achieved and reflect local priorities;
- Equity - service levels to children and families are fairly distributed across Ontario;
- Planning and decision making - good data collection and retrieval systems are in place as planning and evaluation tools.

**Proposed Management Roles**

The Provincial Government has proposed three management role options which concentrate on the delegation of administrative and financial decisions to the local level.

**Decentralized Provincial Administration**

The Province could delegate management responsibility to a local ministry office or to a provincially appointed local organization. Community-based advisory committees could be introduced to allow for the community's involvement in planning decisions.

**Local Planning Responsibility**

The local planning community could be delegated basic planning functions which would involve identifying a suitable local organization to develop multi-year plans and determine the mix of services. With this option, management, legislation and policy would be the responsibility of the Province.

**Local Management Within a Provincial Framework**

An overall provincial plan could identify levels of service needed to ensure equity, and determine provincial targets based on socio-economic indicators, child population and other statistics. The local responsibility would include service planning, licensing, resource allocation, monitoring and program and financial accountability. Policy, legislation and standards would be responsibilities of the Province.

**Local Management Function**

It is necessary to have a local management function which ensures local needs are met, and ensures the participation of parents and community members in the planning, developing and monitoring of the services.

The reform paper states that the responsibility of allocating funds at the local level will be consistent with the delegated responsibility for planning, delivering and monitoring services at the local level.

The Province questions how it can provide funding to a local management body thereby allowing for some discretionary power while ensuring equitable access of services across the province.

Some funding options being considered include:

- Providing a lump sum to a local management body and basing the amount on the socio-economic indicators of each community. This option would allow for a great deal of local discretion when allocating resources.
- Some funding could be earmarked by the Province for specific services while leaving other funding to be used at the discretion of local management, based on locally determined priorities.
- The Province could restrict its funding to particular child care services and stipulate specific local management functions in each community. This option would limit local discretion.

Accountability and the quality of management will depend on the amount of discretion management has for the allocation of resources.

Provincial Ministerial Responsibility

The paper notes that the Ministry of Education is becoming increasingly involved in school-based, school age child care. For example, one-third of all child care centres are now located in school buildings and government policy mandates that all new schools built with provincial funds and offering primary an junior programs must include space for child care facilities. Questions exist as to which provincial ministry should be responsible for child care. The paper proposes three options: continued jurisdiction under the Ministry of Community and Social Services; transferring jurisdiction to the Ministry of Education; or jointly by the two ministries with the main responsibility being determined either by location or the age of the child.

### 3.4.3 Response to Management Proposals

Role of Municipalities

OMSSA argues that the reform paper both misrepresents and under-represents the historical role of municipalities as service managers. In addition to the significant partnership role of municipalities with both their various communities and the Ministry in the development of the current child care system, municipal leadership has also been illustrated in program development, funding services beyond the required dollar amount, service planning, delivery and management.

OMSSA recognizes that the future role of municipalities in child care will be part of the Disentanglement process. Without presupposing the outcomes of those negotiations, OMSSA notes the following municipal strengths upon which a reformed child care system should be based.

Municipal Strengths

- direct political and financial accountability to the local community;
- expertise in local needs identification, service planning and coordination;
- experience as administrators;
- proven leadership in service development and innovation;
- demonstrated achievement in service delivery;
- suitability to purchase services from other sectors;
- provision of open forum for decision making, conducive to public consultation and input; and,
- shared responsibility and accountability for control of public expenditures and assurance of cost efficiency and effectiveness.

In sum, OMSSA believes that the need for province wide equity in the quality and quantity of service must be balanced with the need for services to reflect and respond to local priorities. The development of service contracts and minimum standards will further the goals of child care reform while protecting both provincial and local interests.

OMSSA makes special comments about the municipal role in licensing child care programs. Many municipalities have direct experience in monitoring service quality, since they require operators who deliver

subsidized child care to meet municipally set standards or face certain sanctions. Some municipalities already have the ability to take on a licensing role, and the presence of elected local Councils ensures accountability and responsiveness to the community. However, there is a potential for a conflict of interest if a municipality is licensing its own directly operated programs.

OMSSA suggests that the conflict of interest concern could be eliminated in two ways: the municipal organization structure should have the licensing function clearly separated from direct delivery funding, or they could form Boards composed of community and consumer representatives. Since municipalities do have experience in licensing public health, fire inspections etc., there is no operational reason prohibiting them from assuming a licensing function.

**AMO's Response to Management Proposals**

AMO concurs with OMSSA's points concerning options for the management of the child care system and would add the following:

- The paper identifies four issues to consider in determining the management model for the child care system. In addition to these, AMO recommends that the following be included:

  Integration: the management structure should ensure coordinated planning and integration with other related social services.

  Alternative structures: the management model should allow for different structures for different communities. This flexibility is necessary to reflect the different capabilities, experience and availability of existing structures in communities across the province.

- Provincial and municipal roles should be determined in the context of the disentanglement process.

In addition to these points, AMO believes that the local role in planning warrants further attention.

**Planning**

There is little attention paid to the function of planning. Planning is required on two levels - management

"operational" planning and broader community planning. With respect to the latter, AMO has on several occasions expressed a concern with proposals for social services planning that will lead to an increased fragmentation of overall human services planning in communities. The consequences of many current proposals is a "targeted" planning system where separate planning bodies are established to deal with individual health and social service areas.

Other social services reviews have also indicated movement in the direction of targeted planning. For example, *Children First* proposed to establish local authorities for children's services; the Ministry of Labour is proposing to establish local authorities for the Ontario Training Adjustment Board (OTAB); and the *Redirection* paper proposed to establish planning advisory groups to plan for long-term care services. District Health Councils, municipal social planning councils, municipal social services departments, etc. are all doing "planning" and to varying degrees this planning includes children's services. Against this AMO has asked who is doing overall human services planning for local areas? At the same time that all of these proposals for new targeted planning groups are being put forward, the Reports of the Premiers Council on Health Strategy advocate greater coordination and integrated local planning of human services.

This is especially required in light of the discussion under the accessibility of child care which looked to expand links between core child care services and other children's services such as education, recreation, health and social services. Strengthening the network of existing programs will allow for a more holistic approach to child care and provide for better access to more flexible services.

In sum, the concern is that child care reform should not result in the establishment of yet another planning body leading to further fragmentation and duplication of planning. The presence of the numerous existing planning structures, many of which have been created by local communities and structured to best suit local conditions, should be recognized.

The PMSSR also discussed the considerable amount of social services planning being carried out across the province. The PMSSR expressed concern

about the increasing fragmentation of planning and therefore argued that one of the key expectations of a new approach to planning is that it should help coordinate the broad array of social services being provided in communities since many of these services are interconnected:

> "Existing demarcations between services and between client groups have tended to force current planning into narrow perspectives focused on specific programs."[4]

In response to this underlying objective the PMSSR recommended an approach which focuses on the development of a community plan that deals with the whole spectrum of social services and related services.

AMO believes that new planning structures should not be created and instead existing structures should be built upon. Specifically, as discussed below, AMO recommends that municipal structures should serve as the focus of planning for long-term care services.

## Municipal Planning Experience

The PMSSR provided an excellent overview of examples of community health and social services planning occurring across the province. In its review, the Committee detailed the involvement of municipal governments in, for example, social planning organizations, social services departments, and boards of health. In responding to the question "who should be responsible for planning social services", the PMSSR recommended that a community social services plan be developed by municipal governments at the level of regions and counties:

> "The local plan will coordinate and set priorities for each community's response to needs....[create] links between social service planning and related service planning in communities; links with community health are especially important, because coordination is needed for related services that cross ministerial jurisdictions."[5]

AMO has supported that municipal government should be delegated primary responsibility and serve as the *focus* for planning and preparing a community social services plan:

> "Municipal governments are involved in planning the growth, development, and quality of life in their communities. A number of municipal governments are already taking the lead in developing social development plans. In addition, placing this responsibility in municipal hands puts the planning process close to the community, where its effects will be felt. Other reasons to support a municipally led process are experience and accessibility."[6]

This recommendation supports that human services planning should be more clearly linked and coordinated with land use and housing planning: for example, links to land use planning in terms of zoning to have locations designated for social services; official plans with a human services component; housing in terms of the planning and provision of supportive housing accommodation and services.

AMO therefore reiterates its position that social services planning should generally be conducted by municipal government at the level of regions and counties. As stated in response to PMSSR, the Province should consult with northern municipalities and separated cities not part of a county to determine the most appropriate structures for community social services planning in these communities.

# ENDNOTES / BIBLIOGRAPHY

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# APPENDIX A - ACKNOWLEDGMENTS

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